

GANDER DEVELOPMENT CORPORATION

ANNUAL REPORT

FISCAL YEAR 1980-1981



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1. The Gander Development Corporation

1.1 Introduction:

The Gander Development Corporation, a Provincial Crown Corporation, was established in 1975 to try and alleviate underutilization of Gander International Airport. This underutilization was a direct result of the non-competitive price of aviation fuel at Gander, and was compounded by the fact that jet aircraft with a large fuel capacity were no longer dependent on having to stopover at Gander during trans-Atlantic crossings.

1.2 Gander Development Corporation Objectives:

Specifically, the objectives, as stated in the Gander Development Corporation Act, 1975 are:

- (1) To promote and assist in the industrial development of the Town of Gander and the surrounding area in relation to Gander International Airport.

- (2) To promote use of and assist in the development and expansion of the services and facilities at Gander International Airport; and
- (3) To purchase, transport, store, handle, sell, supply and deal in aviation fuel for Gander International Airport.

The main emphasis for the Gander Development Corporation remains air related. However, the role of the Corporation has broadened to permit the staff to become involved in various industrial and commercial projects. The degree of involvement by the Corporation in these categories of projects ranges from prospecting and promotion to preliminary feasibility studies.

1.3 Gander Development Corporation Board of Directors and Staff:

The original officers of the Gander Development Corporation were: Mr. A.J. Lewington, Mr. C.R. Rowsell, Mr. D.B. Sheppard, and Mr. P.J. Duggan. The Board of Directors

was subsequently expanded in 1978 to include Mr. Don Blackmore, Mr. Lloyd Walters, and Mr. Ford Hewlett.

Fiscal year 1980-1981 saw the appointment of Mr. David Power and Mr. Wayne Tucker to the Board of Directors, following the retirement of Mr. C.R. Rowsell and the resignation of Mr. L. Walters in the previous fiscal year.

In October 1980, Mr. Terrence Fudge was hired by the Corporation for the position of Development Officer. This position had been made vacant with the resignation of Mr. Gerald M.C. Burton, who had accepted a teaching position in his home town.

The Executive Director's position during fiscal year 1980-1981 was held by Mr. Reginald K. Milley, while Ms. Jacqueline Collins remained as the Corporation's Office Manager and Secretary.

2. Projects of the Gander Development Corporation
Fiscal Year 1980 - 81

As in previous years, the projects pursued by the Corporation during this past fiscal year can be divided into two categories - those of a primary nature and those of a secondary nature.

2.1 Primary Activities of the Corporation:

2.1.1. Air Related Industrial Park and Access Road:

During fiscal year 1979-1980, a comprehensive proposal, with appropriate justification, was prepared by the Corporation for inclusion in the "Canada/Newfoundland Subsidiary Agreement on Industrial/Commercial Development", which the Department of Development (formally the Department of Industrial Development) was in the process of preparing for submission to the Department of Regional Economic Expansion.

The principal items contained in the Corporation's proposal were for the development of a 470.7 acre (190.4

hectares) air-related industrial park adjacent to the Gander International Airport; and an access road linking the industrial park to the Trans Canada Highway and the Gander Bay Road.

This park is a necessity for Gander due to the present unavailability of adequate serviced industrial land in the Town, as well as to try and alleviate some of the Town's dependency on its current one industry - the International Airport.

A lease agreement between Transport Canada and the Gander Development Corporation, for the property, was required prior to any funds forthcoming. This lease agreement was executed in August 1980 by Mr. P.J. Duggan, Acting President, on behalf of the Corporation; the Honourable L. Barry, Minister of Industrial Development, for the Provincial Government; and Mr. E. Smith for Transport Canada. The lease is for a term of fifty (50) years for the nominal charge of one dollar (\$1.00) per year.

The Corporation, after an appropriate tender call, entered into a contract with Cecon Limited of Gander to prepare a preliminary design and engineering cost estimates for the development of the park. The layout, which was subsequently approved by the Board of Directors, subdivided the property into one hundred and fifty two-acre lots - forty of which are boarding on the main line of Terra Transport.

The original cost estimates, for the first phase development of the park, showed a total cost of eight million, five hundred thousand dollars (\$8,500,000), which equally divided between the servicing costs for approximately one hundred and fifty acres and completion of the access road. Cecon Limited revised these estimates utilizing detailed engineering materials lists, as well as taking full advantage of existing water and sewerage capabilities, and presented a first phase completion cost of four million, eight hundred thousand dollars (\$4,800,000).

The components comprising this total were three million, four hundred thousand dollars (\$3,400,000) for servicing of one hundred and fifty acres and one million, four hundred thousand dollars (\$1,400,000) for completion of the access road.

The Corporation, in fiscal year 1980-1981, also held a tender call for a legal survey of the industrial park. This contract was awarded to Bartlett, Linehan, Associates Limited of Gander who completed the survey in December 1980.

These projects, which cost the Corporation a total of twelve thousand, one hundred and fifty four dollars and twenty-three cents (\$12,154.23) - two thousand, seven hundred and seventy-six dollars and twenty-three cents (\$2,776.23); and nine thousand, three hundred and seventy-eight dollars (\$9,378.00) for Cecon Limited and Bartlett, Linehan, Associates Limited, respectively, were both required by Transport Canada prior to the Corporation entering into a

sub-lease with any tenant. The realization of these projects will also serve to reduce the amount of start-up time needed, as this preliminary engineering work is the first item required when the Federal/Provincial Agreement is signed.

Fiscal year 1980-1981 also saw the adoption, by the Corporation, of a lease agreement and an option agreement, complete with appropriate covenants and guidelines, for firms wishing to establish in the Industrial Park.

These documents were required as two firms expressed their desire to obtain an option agreement, and to commence their facilities during the 1981 construction season.

Also, to facilitate firms wishing to locate in the park prior to Government development monies being provided, the Corporation established a price range per square foot for undeveloped land. This price range permits the Corporation a degree of flexibility when negotiating with prospective tenants.

The Corporation has, to date, received inquiries from twenty-two (22) firms which have expressed an interest in establishing in Gander's Air Related Industrial Park. It is estimated that these firms will require ninety-four to one hundred and fifteen acres (94 - 115) of property and employ in the vicinity of two hundred and eighty to three hundred and eighty (280 - 380) individuals. This number of employees would translate into an approximate labour force increase of 10%.

The establishment of an Industrial Commission to systematically promote economic, commercial and industrial development in the air related industrial park, with emphasis on attracting industry, has been deferred until such time as development funds are approved by the Provincial and Federal Governments.

The Industrial Commission will have representatives from the Provincial Government; Transport Canada representing the Federal Government; the Town of Gander; and the Chamber

of Commerce.

In the interim, the functions and duties of the Industrial Commission are vested with the staff and the Board of Directors of the Corporation.

In the latter part of the fiscal year, it became increasingly more evident that the discussions in relation to the "Industrial/Commercial Development Proposal", between the Department of Development and the Department of Regional Economic Expansion, albeit not at a stand-still, were proceeding at a snail's pace.

Hence, in an effort to expedite the Gander projects, as well as not lose any of the firms interested in establishing in the Industrial Park, a request was made to both Governments to remove Gander's Air Related Industrial Park and Access Road from the current proposal and place it in the Industrial Development Agreement covering the Province's west coast. If this request is acted upon positively, Gander's projects will then be placed in a current agreement where

action can be initiated on obtaining appropriate funds.

It appears as if the Federal Government are in agreement with this request, however, the Province, whose concurrence is required, have raised some concerns. It is hoped these differences can be resolved in the very near future and the servicing of the first phase and construction of the access road can commence.

2.1.2 Hotel Feasibility Study:

Gander, with its International Airport and strategic central location, has been the host to a considerable number of Provincial and inter-Provincial conferences and seminars. It was felt, by the Corporation, that to facilitate growth in this industry, a new first class hotel with full conference facilities was required. In this regard, proposals from firms interested in conducting a hotel feasibility study, for the Corporation, were invited.

The firm submitting the successful proposals was Laventhol and Horwath Management Consultants. This firm undertook to prepare a feasibility study to determine the overall strengths of the general market and its ability to absorb a new accommodation facility. Assuming that a market existed, the consultants were to determine the optimum number of rooms, the size and type of food, beverage, meeting and recreational facilities to be included, capital costs for the proposed facility, and to prepare estimates of revenue

and expenses for the first five years of operation.

Subsequent to the initial fieldwork, the consultants concluded that considering the present economic situation, a new hotel could not be justified before 1985. After careful analysis, the Corporation decided to forego the remainder of the study.

In determining the market, the consultants revealed a steady historic growth pattern which was attributed to Gander's role as a regional service centre and the effects of the Gander International Airport. Major contributors to future growth included the new air related industrial park, an expanded regional role, and the potential benefits of the oil and gas play. Yet, despite these positive factors, uncertainty was expressed as to the exact pace and timing of this future growth. At best, all that could be forecasted was a growth that approximated historic levels with no sudden or prolonged upsurge over the next two or three years.

This project will be re-activated in 1985, or sooner, if present prevailing economic conditions positively change and an upsurge in new growth is experienced.

The total cost of completion of the study was five thousand, three hundred and twenty-two dollars (\$5,322).

2.1.3 Aviation Fuel:

Aviation fuel proved to be one of the main focal points for the Corporation during this past fiscal year. The two main concerns under this topic were general matters in relation to aviation fuel supply and the U.S.S.R. request to store and deliver Soviet manufactured fuel at Gander International Airport.

2.1.3.1 Aviation Fuel Supply:

In an update to a previously prepared discussion paper, the very real concerns of the Corporation over the precarious position of Gander International Airport in relation to the future uninterrupted supply of jet fuel at fair and competitive prices, was re-emphasized.

Unlike other Canadian airports which operate with mainly domestic and/or scheduled international flights through bilateral agreements, Gander International Airport relies heavily on direct marketing to attract technical

stop customers. Fuel at competitive world prices is the prime technical requirement for these stops. It can, therefore, be readily understood that unless Gander's position and requirements are clearly enunciated and prioritized, the threat of a fuel shortage is very real in that the fuel companies may limit the fuel supply to only those airline companies where contract agreements exist.

Alternate fuel supplies may well be necessary to permit orderly, planned growth and to enable Gander International Airport to reach its full potential.

In this regard, the Corporation requested, and were granted, a meeting with Mr. R.P. St. John, Deputy Chairman of the Canadian Air Transportation Committee. During this meeting, the concerns of the Corporation were presented to Mr. St. John in the form of a brief, which was accompanied by a verbal presentation by Mr. A.J. Lewington, a Director of the Corporation.

There currently exists three fuel supply companies at Gander International Airport - Imperial Oil Limited, Irving Oil Limited and Shell Canada Limited. Shell and Imperial Oil own or control the marine storage at Lewisporte and a large part of the storage on the airport. The two companies built, and continue to own and operate, the two hydrant systems on the airport which are not utilized to anything like the design capacity. Irving Oil has marine storage available at Botwood, as well as on-site storage. Their into-plane service, however, is accomplished through the use of mobile bowzers.

A very large part of the problem could be resolved if consolidated refuelling arrangements were made in the fashion of those systems at Montreal, Toronto and others. Although the situation is not identical, this could be done at Gander by the Minister of Transport taking title to one or both hydrant systems, in the public interest, under the terms of the lease agreements between the oil companies and

the Federal Government. One or both hydrant systems, plus airport tankage, could then be leased to an operating company who will offer services to all suppliers who wish to sell their products at Gander. The Gander Development Corporation could act as an intermediary in leasing and sub-leasing if this were deemed desirable.

In an effort to determine the legal ramifications involved in Transport Canada taking title to one or both of the hydrant systems, as well as to determine if, in fact, other alternatives are available, Mr. St. John undertook, during the meeting, to commission a study entitled "Aviation Fuel - Gander International Airport", which would be undertaken in-house by the Federal Government and is expected to be completed early in the new fiscal year.

The throughput of aviation fuel at Gander International Airport was 125,237,338 litres in 1980. The present system of marine and airport storage, along with fuel lines and hydrants, is capable of handling double that throughput.

Double the traffic now handled is well within the capacity of the airport, and is a reasonable sales target. Aviation fuel from the Come-By-Chance refinery, in the next five to ten years at competitive prices, would make even higher sales targets reasonable.

In this regard, the Corporation has held discussions with the marketing manager of Petro-Canada concerning the proposed start-up of the Come-By-Chance oil refinery and the possibility of supplying Come-By-Chance manufactured aviation fuel at Gander International Airport. During these discussions, it was suggested that Petro-Canada is indeed interested in supplying aviation fuel at Gander and if, in fact, they do proceed, they would be transporting the fuel from Come-By-Chance to Gander via railway tank cars. It is hoped further discussions on this subject will be held with the appropriate officials when the actual start-up date of the refinery is determined.

2.1.3.2 Soviet Manufactured Aviation Fuel:

Conditional approval has been granted by the Federal Government to the Soviet Union to store and deliver Soviet manufactured aviation fuel to Aeroflot aircraft at Gander International Airport. The three conditions placed on the granting of this approval are as follows:

- (1) The project entail no increase in the number of Soviet technical or support personnel at Gander.
- (2) The responsibility and control over dockside storage, transport to Gander, airport storage, and aircraft fuelling be retained by a local supplier, and
- (3) Prior submission by Aeroflot of detailed project plans be reviewed and approved by both the Provincial and Federal Governments.

The Soviet Union has had similar arrangements at Dakar for some time, and more recently at Shannon, Ireland. In this manner, they would protect themselves against restrictions imposed by allocations and possible OPEC embargoes. Presumably, their costs would also be lower.

Soviet officials are currently negotiating an agreement with two local firms, namely Allied Aviation Service Company of Newfoundland Limited and Gander Aviation Company Limited. It appears as if the Russian Government are not prepared to put up any initial capital, but are prepared, however, to sign an agreement for three years and guarantee a minimum annual uplift of three million (U.S.) gallons per year. The local firm entering into the agreement, therefore, would have to amortize its entire cost of providing marine and on-site storage, as well as into-plane servicing over the three year period. In addition to the two major firms currently negotiating with the Soviet Union, two other firms - Ultramar Canada Limited and Burry Marine - are both

interested in sub-contracting to provide the marine storage required.

Aeroflot landings at Gander International Airport were down by 21.5% in 1980 over 1979, primarily as a result of the agreement between the Soviet Union and Aer Rianta, which permits the supply of Soviet manufactured aviation fuel to Aeroflot at Shannon. In an effort to stabilize the remaining flights into Gander, and hopefully retrieve some of those lost to Shannon, permission was sought and granted for the changing of the Soviet fishing crews at Gander International Airport. The permission granted, however, is on a month to month basis and the Soviet Union are requesting a more permanent arrangement. It appears, however, that any such permanency would be a component of a complete package that would be negotiated between the Federal Government and the Soviet Union, and would, in all probability, contain other such items as the fishing rights off Canada's coast, the repair of Soviet fishing trawlers at the St. John's

dockyard, etc.

The Corporation will continue its role as coordinator and intermediary between the Soviet officials and the other parties involved, and, in particular, provide the medium through which the Provincial Government is kept abreast of all relevant happenings.



2.1.4 Trans Oceanic Plane Stop (TOPS) Program:

The Trans Oceanic Plane Stop (TOPS) Program, consists of a team with representatives from both Industry and Government with a common objective "to vigorously promote technical stop landings of trans oceanic international charter and scheduled airlines at Gander International Airport".

The TOPS Team participated in three marketing tours in fiscal year 1980-1981. Representatives from Allied Aviation Service Company of Newfoundland Limited, Cara Caterers, Transport Canada, and the Gander Development Corporation comprised the marketing team for these tours.

The first of these tours was held in late September and early October and was to the Western Seaboard of North America. A total of five (5) carriers were visited during this trip. The second tour, during which eleven (11) carriers were visited, was to Western Europe in November 1980. The

final trip for this fiscal year was held in March 1981, and saw the TOPS Team call on twenty (20) carriers operating on the Eastern Seaboard of the United States of America.

The market in all three areas was very depressed with the increasing operating costs, especially those for aviation fuel being the main contributor to the gloomy picture painted by the majority of the carriers.

In regard to the price of aviation fuel, one carrier informed us that fuel was currently 50% of the operational cost of an airline, while another carrier stated that his firm would fly up to 1,000 miles out of its way to obtain fuel 5¢ - 6¢ a gallon cheaper than they were currently paying.

Some bright spots, however, did exist in each of the trips in that an increase in activity through Gander was being anticipated by Flying Tigers International, the Royal Air Force, Redcoats, American Eagle, Trans Mediterranean Airways, Capitol International Airlines, Arrow Airways,

Federal Express, and Rich International Airways. Some of these airlines have already commenced increasing their activity through Gander International Airport.

During discussions with some of the carriers, it was suggested that although, in many cases, their rule has been non-stop, the costs are now forcing rethinking of this philosophy. The great weight penalty, coupled with the high cost of fuel in several locations, make technical stops more feasible and realistic, especially if the fuel price is competitive. If and when such rethinking is put into practice, it will definitely result in an increase of technical stop activity through Gander.

The fact that the North Atlantic control centre is in Gander and that they work very closely with the TOPS Team to provide preferred navigational tracks to our technical stop customers, proved to be one of our major, if not the major, selling point in our marketing effort.

In this regard, and to ensure that all of our customers and potential customers are aware of the correct pilot procedures to obtain preferential tracks out of Gander, the Corporation will be preparing a TOPS Bulletin, on behalf of the TOPS Team, outlining these procedures.

In an effort to provide the most recent information on the advantages of using Gander International Airport, as well as current information on servicing and fuelling costs, etc., the Corporation prepared presentations and forwarded them to Capitol International Airlines and Trans Mediterranean Airways. Presently, Capitol International are using Bangor and Shannon for their technical stops, while Trans Mediterranean are utilizing Mirabel. However, we feel this situation will change once the presentations have been received and perused by the appropriate officials.

Many of the airlines visited expressed a considerable interest in the offshore oil and gas activity taking place off the coast of Newfoundland. In this regard, a summary of the current exploration activity, as well as an overview of that proposed, was prepared by the Corporation and forwarded to these carriers. The Corporation will be maintaining close contact with those airline carriers expressing such an interest in an effort to keep them abreast of the latest offshore oil and gas development.

International civil aviation is highly competitive, particularly amongst the Atlantic periphery airports, i.e., Shannon, Ireland; Gander, Newfoundland; and Bangor, Maine; and the market is forever changing, reflecting various international situations. It is essential that standards at Gander are maintained at the highest level, and also ensure close contact with the market in order to react to the changing situations.

2.1.5 The Study of the Impact and Benefit of
Transport Canada's Air Program Activities
on Gander:

This study was conducted for the Airports Branch of the Atlantic Regional Office of Transport Canada by DelCan Wallace, a joint venture partnership of DelCan Limited and R.S. Wallace & Associates Limited, in association with the Atlantic Provinces Economic Council. The purpose of the study is "to assist in defining the future role of Gander International Airport, as well as aiding in determining the extent and basis of future expenditures at this site".

A Steering Committee comprised of representatives of the Department of Development, the Department of Regional Economic Expansion, the Department of National Defence, Transport Canada, and the Gander Development Corporation, was established to finalize the terms of reference of the study and offer assistance/guidance to the Consultant, during the course of the study.

The purpose was to be served by the objective "to determine the causal relationship between Transport Canada air program expenditures and the actual benefits that are derived by the community of Gander in both transportation and socio-economic terms". A number of modifications and refinements were made to the terms of reference. It was agreed that aviation traffic would be considered the "causal" factor to determine the relationship with Transport Canada expenditures and economic benefits. Transport Canada expenditures were defined as those for the airport activity rather than those at the airport. Thus, the Area Control Centre of Transport Canada, the radar station of the Department of National Defence, and the bus operation of Terra Transport are not included in the analysis even though they now take place at the airport.

The analysis was to distinguish three programs defined as:

Program A - the air traffic activities;

Program B - support of national standards, related primarily to safety and also for the international commitment to ICAO;

Program C - support of the local economy where this is the primary purpose of the expenditure or activity.

Program A was further defined into six air traffic sectors:

- domestic air carrier
- international air carrier
- general aviation
- Government
- TOPS (Trans Oceanic Plane Stops Program)
- Local (where flights do not leave the airport control zone)

Two specific areas of concern were emphasized; namely,

- (1) the extent to which Transport Canada expenditures are primarily attributable to support of the local economy, and
- (2) the economic importance of the TOPS program.

The findings and conclusions of the study are as follows:

Transport Canada Expenditures:

Total expenditures over the decade 1971 to 1980 (in constant 1980 dollars) rose only 6% from \$6,676,000 to \$7,082,000. Excluding imputed interest which was not included in the analysis, the increase was 9% from \$5,415,000 to \$5,896,000. In 1980, Program "A" accounted for 58% of expenditures at \$3,438,000 which was a decrease of 9% from 1971. Within Program "A", the domestic, international and TOPS sectors each account for about \$800,000 while the general aviation, government and local sectors each account for about \$400,000 of annual expenditure.

Program "B", which was allocated 37% of 1980 expenditures, increased 59% over the decade from \$1,374,000 to \$2,179,000. The largest part of this increase was associated with the national security program which went from

a pre-program level of \$40,000 in 1971 to a 1980 expenditure of \$846,000.

Program "C" increased only 4% over the decade and accounted for only \$280,000 of 1980 expenditure. Revenue increased 36% from \$2,036,000 to \$2,543,000 and the rate of recovery of Program "A" costs improved from 54% to 74%.

It is concluded that airport expenditures are virtually fixed for the full range of traffic experienced and expected at Gander. Whatever variable cost element exists has been compensated by budgetary restraint and productivity improvements. The increase in Program "B" expenditures should be a matter for concern whether the marginal improvement in safety and security justifies the increase in expenditure. Very little expenditure could be attributed to support of the local economy. Transport Canada expenditures at Gander support aviation traffic and national and ICAO standards. Although the local economy benefits, it is not supported directly to a

significant degree by Transport Canada. If the government sector were assessed user charges, Gander airport would be approaching full cost recovery and commercial viability, based on Program "A" costs.

Traffic:

The volume of traffic increased 78% from 222,000 passenger movements in 1971 to 396,000 in 1980, and has reached higher levels peaking at 528,000 passengers in 1979. This is a conservative measure of traffic volume, as only the two air carrier sectors are counted on the traditional basis of enplaned and deplaned passenger movements where individual travellers are counted twice. If all sectors were counted on the enplaned/deplaned basis, 1979 traffic volume would have been 871,000. This is approaching the 1,000,000 level that is often associated as a break-even point for a mature airport.

It is concluded that traditional traffic statistics that do not count transiting passengers grossly

understate the importance and the throughput volume of Gander International Airport.

Economic Impact:

The number of jobs directly attributed to the airport increased 59% from 892 in 1971 to 1,405 by 1980. The gross economic impact of the airport in 1980 was estimated at \$130,000,000. The airport accounts for slightly over half of Gander's economy, while its role as a regional service centre, the Transport Canada Area Control Centre, and the Department of National Defence radar station account for the other half.

It is concluded that the airport is of major and vital importance to the regional economy.

Relationships:

The relationship between traffic and Transport Canada expenditures is minimal; expenditures have stayed approximately equal, while traffic has increased.

The relationship of traffic growth and increase in the job base is quite strong although less than unity; that is, there is a base of employment associated with each program and sector and a 10% increase in traffic produces something less than a 10% increase in employment and economic impact. There are also long lags between changes in traffic and employment levels.

TOPS:

The TOPS sector produces 136 direct jobs and has an estimated gross economic impact of \$18,000,000 for a Transport Canada allocated expenditure of \$800,000 (the marginal cost to handle more TOPS traffic or the avoidable cost if TOPS did not exist would be much less).

It is concluded that TOPS is a very important program that should be maintained and expanded as market opportunities permit.

2.1.6 Offshore Oil and Gas:

The ever increasing offshore activities magnify the importance of air facilities and services to the oil and gas industry. The central Newfoundland location of Gander, and its excellent international airport facility and services, combine to give Gander a distinct advantage in serving as a center for transportation and communications for the offshore oil and gas industry.

In this regard, and in an effort to lure some of this business to Gander, the Corporation participated in various oil and gas related projects during this fiscal year.

Activities included preparing and publishing various articles in major industry newspapers and magazines such as Oilweek, Canada Offshore, Offshore Drilling and The Financial Times; attendance, as a delegate, to the Offshore Technology Conference in Houston, Texas, which afforded the opportunity to distribute promotional literature and meet on an individual basis many decision makers in the oil and gas

field, as well as increase our knowledge on the state of the art; and preparing a new updated list of national and international oil contacts which will be used as the foundation for a direct mail campaign.

Harvey Offshore Services Company Limited currently have office space at Gander International Airport which is being manned by one employee. This office was established to co-ordinate and facilitate the changing of offshore oil and gas drill rig crews.

It is the general feeling of the people involved in the offshore oil and gas industry, that Gander's role in this development will increase as more emphasis is placed on the very promising acreage along the Northeast and Labrador coasts. Therefore, it is hoped that this type of promotional activity will keep the name of Gander in the minds of those people currently making decisions on locations to capitalize on the new oil and gas opportunities in Newfoundland and Labrador.

2.1.7 Air Freighting Fresh Fish from Gander
International Airport:

A feasibility study to determine the potential for air freighting fresh fish out of Newfoundland via Gander International Airport was conducted by the Corporation, under a contract with the Federal Department of Fisheries and Oceans, and a report was presented in August 1979.

Since completion of the study, the Corporation has continued to expand the information base and now has on file excellent material on market contacts in Canada, the United States and Western Europe.

The staff of the Corporation commenced discussions with an entrepreneur interested in providing a dedicated air carrier service for the transport of fresh fish to Northern American and European markets, during the latter part of fiscal year 1979-1980. These discussions have continued and a proposal is nearing completion.

The entrepreneur involved proposes flying fresh lobster from Newfoundland and Nova Scotia to Western Europe, and in this regard, the Corporation has provided contacts at some of the major fish processing firms for him. One of the major problem areas existing in this venture is obtaining an adequate back-haul to supplement the air freight cost of the lobster. This problem is currently being addressed by the staff of the Gander Development Corporation, who are actively trying to determine Western European products which might provide a suitable back-haul.

2.1.8 Automatic Baiting Machine:

Jenkins' Industries Limited of Gander have, through the assistance of the Enterprise Development Program of Industry, Trade & Commerce, developed an automatic long-line fish baiting machine. Jenkins' Industries Limited currently have a patent pending on this machine.

The Corporation has been following, with interest, the development of this highly potential manufacturing industry. Our initial assistance consisted of preparing an application, on behalf of the firm, for financial assistance under the Department of Development's Market and Product Development Program. The company was successful in obtaining a 50% grant to assist in defraying costs associated with a marketing study and the production of a promotional brochure.

The Corporation also assisted in co-ordinating arrangements for Jenkins' Industries Limited to participate in "The Fisheries and Allied Industries Trade Fair", held in

Yarmouth, Nova Scotia. The Corporation's Development Officer accompanied the President of the firm, Mr. S. Jenkins, to the exhibition in an effort to provide much needed manpower assistance. This exhibition not only proved extremely successful from Jenkins' Industries point of view in that three direct sales were made and orders received for approximately twenty machines, but it also provided the Corporation with contacts in the fishing equipment manufacturing industries. A follow-up program is currently underway to ascertain any interest, by these firms, in establishing in Gander.

2.2 Other Air Related Activities:

2.2.1 Terminal Renovations:

Phase II of the terminal building renovations was finished with the completion of the new flight kitchen.

Early in 1981, Lundrigans Limited were awarded a contract in the vicinity of \$150,000.00 to construct a new Distinguished Visitors' Lounge, as well as complete renovations to the Allied Aviation Operations area.

In March, the Federal Government and Treasury Board approved Phase III of the terminal renovations in its entirety. Completion of this phase will see the terminal renovations completed in their entirety. It is anticipated the first contracts of Phase III will be awarded in either June or July of 1981, and all work to be completed by the Fall of 1982.

It is essential that the Corporation maintain close attention to the progress and type of renovations being made to ensure the facilities meet the market requirements.

2.2.2 Area Control Centre:

The Operation Unit of the Air Traffic Services completed their move into the new Area Control Centre during the past fiscal year. While this move was proceeding, and for a period of two weeks after, both centres remained operational to ensure that no disruption in service took place during the move.

2.2.3 Navigational Facilities:

The Instrument Landing System (ILS), installed on Runway 13, is being relocated during the summer of 1981. The entire system is to be moved approximately fifty (50) feet back from its present location, as well as have its overall height increased in the vicinity of seven (7) feet. This relocation is being done in order to provide the system with a more stable location in that its current location is on a bog which makes the system very vulnerable to changes in weather. The extra height will provide a back-course on Runway 31. The attainment of this back-course is an item for which the Corporation has been campaigning for some time, and its implementation will provide a much safer, more up to date navigational system at Gander International Airport.

3. Secondary Development Projects:

3.1 Break Bulk Opportunities:

Interest expressed by a local entrepreneur during this past fiscal year has renewed interest in this project. The idea of bringing in bulk quantities of food stuffs and repackaging them into consumer size packages has been given a considerable amount of attention by the Corporation for some time.

The Corporation will be taking the initiative to complete a feasibility study as preliminary research indicates the high potential for the venture in Gander because of its strategic location with respect to warehousing and distribution capabilities.

3.2 Gander Peat Project:

The Corporation is presently acting in a liaison and project support capacity to a peat developer who is designing and developing plans for a peat operation west of Gander. 65% of the annual production is already confirmed for the export of peat for horticultural purposes. The Corporation is assisting with the preliminary marketing activity for the remaining 35% in the form of peat fuel. Potential users in Gander include the air terminal, Vocational School, hospital, and a newly planned 60,000 square foot office complex.

Most of the potential users have been contacted and have expressed varying degrees of interest. However, many are awaiting the outcome of Bishop's Falls experimental peat project.

3.3 Seminars/Conferences:

The Corporation has remained actively involved in sponsoring, organizing and co-ordinating worthwhile business training and information seminars.

During the past fiscal year, the Gander Development Corporation has been involved in the following events: Special Businessmen's Luncheon with Mr. Wm. Hendry, Manager, Small Business Loans Administration, Ottawa, as keynote speaker; F.B.D.B. Business Week Seminar; F.B.D.B. Book-keeping Seminar; P.J. Gardiner Institute for Small Business Studies Clinic; Memorial University Centre for Management Development Advertising Seminar; and the F.B.D.B. Taxation Seminar.

As in the past, the Corporation makes every effort to send a delegate to special conferences or seminars in which specialized knowledge has specific or indirect bearing on the Corporation's mandate. Over the past several

months, a delegate has been sent to the following events:
Energy Conference, St. John's; Atlantic Outlook Conference,
Halifax; OTC, Texas; and Fisheries and Allied Industries
Trade Fair, Yarmouth.

3.4 Unsolicited Proposals:

In an effort to stimulate interest by firms into considering Gander as a location or re-location site, the Corporation has prepared and forwarded a number of proposals during fiscal year 1980-1981.

These proposals contain such information as building costs; property costs; locational advantages; permits and licences required; information concerning utilities, etc. Each proposal is unique in that it is produced for a specific firm involved in a particular industry.

Five such proposals were compiled and forwarded during this past fiscal year, and it is hoped results of our efforts will be seen during next year, with one or more of these firms announcing their intentions to establish in Gander's Air Related Industrial Park.

3.4.1 General:

In addition to the projects previously described, the Corporation, during the past fiscal year, was involved in numerous projects which ranged from data and information gathering to input into briefs, studies, etc.

A sampling of these projects follows:

Terra Transport - as a result of the concerns over Terra Transport's "announced" downgrading of their facilities at Gander, a brief was prepared in conjunction with the Town and the Chamber of Commerce, and presented to the President of Terra Transport.

Duty/Tax Free Purchases by Foreign Slip Crews - an effort was made by the Corporation to obtain permission, from the appropriate authorities, to permit foreign slip crews to make tax free purchases at Gander's retail outlets, and to take immediate possession of the goods

upon presentation of appropriate identification. The Corporation's efforts were in vain, however, as all goods purchased tax exempt must be delivered to a common carrier.

Transport Canada's Machine Shop - Transport Canada has expressed a wish to "contract out" for this service. Hence, they are interested in selling off their remaining machining equipment. In this regard, the Corporation is involved in on-going discussions with Transport Canada officials to ascertain the possibility of a Government to Government transfer of the equipment, as two local parties have expressed a strong interest in obtaining same.

Dan-Air Services - profile information has been forwarded concerning Gander's role in the offshore oil and gas exploration program. Parameters specific to Gander were also requested and subsequently collated and forwarded.

Woodworking/Cabinet Manufacturing - the Corporation assisted a local entrepreneur in the preparation of a proposal for submission to the Department of Rural, Agriculture and Northern Development. The Corporation's assistance involved collating data on construction; value of construction; housing statistics and projections.

Royal Canadian Mounted Police - to assist in projecting future staff requirements and other planning, the Corporation forwarded data re. growth rates and impending economic activity.

In addition to the projects described above,
the Corporation has established, and is maintaining,
direct lines of communication with the airport management,
the Federal, Provincial and Municipal Governments, as well
as private enterprise. The result is an interchange of
expertise and ideas that is advantageous to all those
concerned.

4. Financial Statement:

The budget for the Gander Development Corporation for fiscal year 1980-1981 was \$161,665.00 This total was comprised of the Provincial grant of \$117,500.00 and current assets of \$44,165.00.

A financial statement, prepared by our accountants, is provided as a separate document, and an audited statement from the Auditor General's office is expected in due course.

5. Fiscal Year 1981-1982 Outlook:

The Gander Development Corporation will endeavour to maintain direct lines of communication with the airport management; the Federal, Provincial and Municipal Governments; as well as private enterprises so that the established interchange of expertise and ideas may continue.

Gander's beginning is tied directly to the aviation industry, and the international airport is still, and will remain, a mainstay of the Town. The Gander Development Corporation is, however, striving to diversify the economic base of the Town of Gander and hopefully alleviate some of the dependency of the Town on the International Airport.

The main elements in this diversification are the establishment of the "Gander Air Related Industrial Park" and an adequate access road to that park.

The approximate 500 acres were leased to the Gander Development Corporation, by Transport Canada, during the past fiscal year.

The Corporation has expressions of interest from over twenty (20) firms who are awaiting the outcome of the discussions and negotiations between the Provincial and Federal Governments, as to development funds for the Park's first phase.

The primary goal of the Gander Development Corporation for fiscal year 1981-1982 will be to have first phase funding approved for the Gander Air Related Industrial Park. With these monies in place, the current expressions of interest will change to signed leases. The development of this Park will not only benefit Gander, but will be a very significant factor in the growth of the entire central Newfoundland region.

The Corporation has had some real success in achieving the objectives as cited in the Gander Development

Corporation Act, 1975. These overall objectives, plus specific on-going projects and new projects currently in the planning stages, require continuous and full support by all those concerned.

